

Massachusetts Public Interest Research Group, New Ecology, Inc., Sierra Club of Massachusetts, Somerville Climate Action Network, and Tufts Climate Initiative.

Our initial intention was to aggregate consumer demand and partner with a licensed retail supplier that would supply a green product. However, we were unable to identify a retailer willing to serve our needs. Therefore, we pursued a hybrid model in which we would partner with a wholesale supplier, but would handle all renewable energy procurement and customer service functions ourselves. We were well on our way toward launching a product this spring when we learned of National Grid's efforts to develop a green pricing program.

We are excited about the potential of utility green pricing programs, as we believe that such programs can help overcome near-term barriers and jump-start green power market activity. By allowing consumers to purchase green electricity from competitive green electricity marketers via their normal monthly electricity bill and reducing the energy procurement risks and challenges faced by green electricity marketers, green pricing has the potential to be a favorable alternative to both the "delivered" and "tag" product scenarios. We submit the following comments and suggestions to DTE, MTC, DOER, National Grid, key legislators and others in an effort to guide the development of a green electricity market that will best serve Massachusetts consumers and will succeed in driving the development of new renewable energy projects.

Broad Green Pricing Recommendations

1) All Residential and Small Commercial Consumers in Massachusetts Should Have Access to Green Pricing Programs.

We believe that a green pricing program in National Grid's territory would so substantially limit the potential volume of customers available to competitive suppliers that we are unlikely to see any delivered products offered while the National Grid program is in effect. Therefore, we urge DTE, DOER and MTC to work together to bring green pricing programs to all utility territories in Massachusetts. This would provide all Massachusetts consumers with the benefits of simple access to green electricity purchasing options, reducing consumer confusion and increasing the ability for renewable energy purchasing behavior to really take hold across the state.

We also believe that green pricing programs should allow participation by both standard offer and default service customers. While the existence of the standard offer rate has played a key role in triggering the introduction of green pricing in Massachusetts, most consumers are unaware of the difference between standard offer and default service. Limiting green pricing to just standard offer customers would cause significant confusion among consumers and would serve no other useful purpose. As noted above, the presence of a National Grid green pricing program, even if applied to standard offer customers only, would likely limit the entry of competitive supply offerings. Therefore, default service customers would probably not have green electricity purchasing alternatives if such programs were not made available to them.

2) Leadership by DTE, DOER and MTC is Essential.

While National Grid should be commended for taking a leadership role by initiating green pricing planning in its territory, it is important to recognize that green pricing in such a large utility territory will affect the green power market statewide. Therefore, we urge DTE, DOER and MTC to embrace this development as an opportunity to introduce strong and effective green pricing programs across the state. Furthermore, we urge DTE to codify any commitments made by distribution companies so that, in the case of changing corporate priorities, the distribution company would not suddenly end its commitment to green pricing. Furthermore, because the presence of green pricing will have such a profound effect on the green power market, the rules of the game should be made clear, transparent, and publicly accountable.

3) Billing Access and Collection Services Should be the Design Drivers for Green Pricing Programs.

We believe that the two greatest values offered by green pricing programs are: 1) access to the standard electricity bill; and 2) collection and distribution of customer payments by distribution companies. Having exhaustively studied green pricing program models from across the country, we believe that programs with these two elements at their core have the greatest potential to stimulate a meaningful and robust green electricity market. In markets where delivered supply products are slow to emerge, the ability for consumers to purchase green electricity certificate or "tag" based products as part of their normal monthly billing process is key to the success of green electricity product sales.

While the affiliation with the utility company and any related utility marketing initiatives may certainly help boost the success of green pricing programs, we believe that, on issues where there are tradeoffs to be made, we should look to the basic goals of billing access and collection services as the core functional goals of any program design.

4) MTC Must Use Green Pricing as an Opportunity to Educate Consumers about Benefits of Renewable Energy and the Importance of their Participation.

After years of pondering the chicken and egg dilemma of whether renewable energy education was needed to drive energy choices, or whether education should only happen once energy choices were available, green pricing finally presents us with an opportunity to coordinate the introduction of both at the same time. While green pricing certainly lowers the barriers to entry for green electricity marketers, they will still face great marketing costs if they are starting from scratch on educating consumers about why their products matter. In order to enable green marketers to focus on getting the best products out to consumers rather than raising general consumer awareness about renewables, MTC should invest in a robust educational campaign.

While we believe it is appropriate to engage participating distribution companies in the delivery of an educational campaign, we do not believe the distribution companies should project an image of ownership over the green electricity options made available to consumers. For example, we suggest that green pricing be described as, "A variety of renewable energy companies are offering consumers the ability to 'green' their energy supply by making purchases on their National Grid bill," rather than, "National Grid is offering its customers a variety of options to purchase renewable energy."

5) Simplify Details, Make Use of Existing Infrastructure Where Possible, and Move Swiftly through Program Design.

Given the potentially short life of green pricing in the state, it is important to expedite program development in order to maximize the potential impact of the programs, and so that participating companies will find value in their investments. Therefore, we urge program designers to take advantage of existing infrastructure where possible and where appropriate. While green pricing is somewhat of a hybrid mixture of a delivered product and a "tag" product, it is important to look for opportunities to adapt and borrow from what already exists rather than creating new infrastructure. Examples are provided in the suggestions below.

We urge program designers to expedite the development of green pricing programs statewide, and to arrange for the launch of green pricing in National Grid's territory to occur no later than September 1, 2003.

6) DOER Should Consider Using Green Marketers As Outlet for Marketing State Energy Efficiency Programs.

Since green pricing marketers will gain recognition for their role as providers of environmentally-sustainable energy services, we believe DOER and utility program administrators should consider partnering with green marketers to market energy efficiency programs such as the Residential Conservation Service.

Recommendations Regarding Supplier Standards and Participation

1) DTE Should Require Green Marketers to Obtain an Electricity Brokers License.

Since green marketers' products would be sold via the DTE-regulated electricity bill, we believe it is important to protect consumers by screening green marketers through the Electricity Broker license application process. We are not aware of any Broker licensing requirements that could not reasonably be met by the green marketer applicant. We think this could be addressed by indicating on the application that the applicant is applying for purposes of participation in a green pricing program.

By using the Electricity Broker license instead of the Competitive Supplier license, as described in 220 CMR 11.05, it would be clear that green marketers are not subject to the same responsibilities as requirements as Competitive Suppliers (i.e. NEPOOL participation, load obligation, etc.).

Use of the Electricity Broker license is one example of an opportunity to use existing infrastructure to expedite the development and roll out of green pricing.

2) Green Pricing Utility Should Develop Standard Program Application and Contract for Green Marketers, Subject to DTE Approval.

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Standard application and contract processes would expedite the program launch process. We suggest that only one round of supplier selection take place between now and April 1, 2003, the outcome of which would be effective through the duration of the program. This will enable those that are selected to have a sufficient period of time to invest their organizations into this model. If, for some reason, a decision is made to continue the program beyond March, 2005, we suggest that another supplier selection process take place.

3) No More than Five Product Options Should be Made Available to Consumers.

In order to avoid overwhelming consumers with too many choices, and to keep the program to a manageable size, we believe that the range of product offerings should be limited to five per utility green pricing program for the purposes of ballot enrollment. These product choices could come from five different companies, or if fewer companies apply to participate in the program, there could be flexibility for some companies to offer more than one product.

If faced with a need to select among green marketers, DTE should be responsible for selection and should select those whose offerings seem to provide the best combination of quality and value to consumers. Each utility green pricing program should have its own separate selection process.

We suggest that program coordinators allow additional products that meet all program requirements to be billed via the electricity bill, though only the five selected products would be included on the quarterly enrollment ballot.

Recommendations Regarding Product Standards

1) Products Should Only Include GIS Certificates.

For the purposes of verifying product claims, and in order to keep the environmental benefits of Massachusetts green pricing as local as possible, we believe products should only include GIS certificates.

2) Products Should Match at Least Twenty-five Percent of Total Customer Usage, With at Least Twenty-five Percent of Customer Usage Being Supplied by New Renewables.

We believe that a twenty-five percent minimum quantity of usage will ensure that participating consumers will receive a meaningful amount of renewable energy while enabling green marketers some product flexibility. Furthermore, this minimum new renewable requirement would guarantee that green pricing programs to have play a significant role in increasing the development of new renewable resources in the region.

Furthermore, we believe that the minimum twenty-five percent of usage requirement for new renewables will provide an appropriate level of consistent quality across all products, while taking into account the current scarcity of new renewables in the region.

3) All Products Should Be Green-e Certified

In order to ensure the high quality of all resources being offered through green pricing programs, we recommend that the Green-e standard for blended products be used as the benchmark for products. The Green-e standard has been developed through a thorough and exhaustive nationwide stakeholder process and is widely recognized as a solid product standard. By bringing Green-e into the green pricing market in Massachusetts, we will leverage the experience and quality control mechanisms offered by the certification body. We recommend that Green-e's blended product standard be applied to green pricing products.

4) New Renewable Content of Products Should Increase by Five Percent Per Year.

While Green-e standards do address new renewable content, we believe that Massachusetts green pricing program rules should go even further. As suggested above, all products should start at twenty-five percent new renewables, and we suggest that this new renewable content increase by five percent per year.

Recommendations Regarding Program Mechanics

1) Product Claims Based on Rolling Twelve-Month Average of Certificate Holdings.

Given the intermittent nature of key renewable resources such as wind, solar and hydro, as well as the current regional scarcity of desirable resources such as new wind projects, we urge program designers to grant green marketers some flexibility in matching green certificates to customer's usage. In addition, such flexibility will provide green pricing suppliers with a greater ability to use customer demand to drive the development of new renewable energy projects.

The most straight-forward means by which to achieve an appropriate level of flexibility would be through the use of reserve GIS certificates. However, we recognize the importance of avoiding the use of reserve certificates due to the implications that a large volume of such certificates would have on the GIS system as a whole.

We suggest that the program designers work to develop a strategy that will provide green marketers with a sufficient level of annual flexibility while working within the standard procedures of the GIS system. If this cannot be done, we suggest that marketers use reserve certificates for verifying their product claims.

2) Consumers Should Receive a Side-By-Side Comparison of Service With and Without Buying Renewable Energy Service.

We believe that for the consumer to truly understand the impact of their participation as a green power buyer, they should receive two disclosure labels (or one label with a side by side comparison if DTE disclosure rules permit), one showing the mix of resources they would have received had they not chosen a green power offering, and one showing what their mix looks like

as a result of choosing the green power offering. After all, if we are to present consumers with green alternatives, the purpose of disclosure should be to provide consumers with pertinent information on which to base their choices.

3) Green Marketers Should be Responsible for Sending Tax Deductibility Receipt to Consumer.

Since the renewable energy service would be provided by the green marketer, the green marketer must have the opportunity to communicate with the customer on the issue of tax-deductibility for that service. Since the distribution companies will be communicating with green marketers regarding customer usage information and payments, the suppliers will know how much their customers contributed. Furthermore, since the basis of the tax-deductibility may depend upon product content as much as quantity, the suppliers will be best suited to work with MTC to calculate the amount of each consumer's tax-deductible premium.

4) Customer Enrollment Ballots Should be Distributed as a Quarterly Bill Insert Along With Disclosure Label, With Non-Ballot Enrollments Permitted As Well.

While we recognize that it may be impractical to provide consumers with a monthly enrollment opportunity through the bill, it is important for enrollment to occur periodically, and with some frequency. It is widely accepted that consumers need to see several marketing messages before they purchase a product, and the ballot would certainly qualify as a strong marketing message. Furthermore, a quarterly enrollment opportunity would allow new residents to participate in the program.

Green marketers should be involved with the development of the ballot to ensure that it accurately reflects their product offerings. If, during the development of any scheduled ballot, green marketers come to a consensus decision that there are not enough new renewable resources available to accommodate the enrollment of more new customers, a quarterly enrollment insert could be skipped.

In addition to enrollments via the quarterly ballot, we believe that green marketers should be able to enroll new customers on their own as well. The enrollment process should recognize either a customer's written signature or on-line sign-up as sufficient authorization, with no three-day recession period being required. Since green marketers are not providing the same broad service that Competitive Suppliers provide to consumers, we believe it is necessary to hold them to the same enrollment requirements.

5) Program Coordinators Should Use Simple Software to Facilitate Data Interchange With Green Marketers.

We believe that the Electronic Data Interchange (EDI) process that is used for data interchange between distribution companies and Competitive Suppliers providing all requirements generation service is unnecessary for the purposes of a certificates-based green pricing program. Simple software, such as that used for fuel assistance programs in Massachusetts, could be used to exchange weekly data between utility program coordinators and green marketers. For eight

years, Larry Chretien, Mass Energy's executive director, was the energy director for Quincy Community Action Programs, Inc. One of the programs he administered was fuel assistance, which is a program now serving about 140,000 households in Massachusetts. His experience there suggests that the information systems used to manage that program are quite applicable to this particular case.

The twenty-two agencies administering fuel assistance exchange data electronically with the state's electric and gas utilities for two important purposes. The first is to provide electric heat (and sometimes cooling) customers with a fuel assistance subsidy based upon their fuel assistance eligibility and their monthly consumption. The second is to provide ALL customers with the low-income discount electricity rate and to apply that rate on a monthly basis to the customer's consumption.

We hope that green pricing programs will grow to serve more customers than are currently served by fuel assistance programs, but even if customer enrollment were to exceed 140,000, we believe that the software used to manage the fuel assistance programs is clearly sufficient for the purposes of green pricing. It should actually be easier for distribution companies to work with five or so suppliers than twenty-two fuel assistance agencies.

Conclusion

We appreciate your attention to these comments and we welcome further dialogue on these and other important program details. As discussed above, the introduction of green pricing programs in Massachusetts will have a major impact on the green power market in the state. We are optimistic that these impacts will be positive. However, we believe that MTC, DOER and, in particular, DTE must play a leadership role in the development of such programs in order to ensure that maximum potential benefits of green pricing programs are realized.

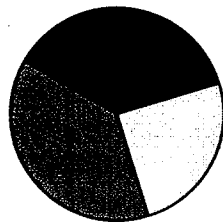
Distribution List:

Tom Robinson, National Grid
Rob Pratt, MTC
DTE Commissioners
Doug Horan, NSTAR
David O'Connor, DOER
Pat Stanton, DOER
State Senator Michael Morrissey
State Representative Daniel Bosley

Green Power Script

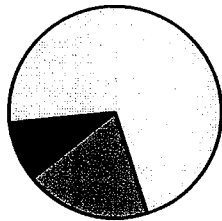
We would like to ask a few questions about green or environmentally friendly power. Green Power is typically described as electricity created from renewable energy sources such as wind, solar energy, plant material such as wood chips, or gas recovered from closed landfills. NSTAR is considering offering Green Power as an optional service, and in trying to design the offering we would like to ask you a few questions.

- 1) How interested would you be in participating in such a program?



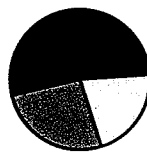
- ☒ Very Interested
- ☒ Slightly Interested
- ☐ Not at all Interested

- 2) Do you have a preference among the types of green power I mentioned (wind, solar cells, plant/biomass, landfill gas, other)?



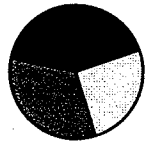
- ☒ Solar
- ☒ Wind
- ☐ Other

- 3) There are several different ways in which NSTAR could offer Green Power to our customers. Which would you prefer?



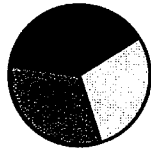
- ☒ Consumers could pick the source or sources themselves (for example, 90% wind power)
- ☒ NSTAR could create a mix of green power most cost effective.
- ☐ Other

- 4) How important is it for you to know exactly where the Green power is being produced (for example, from the windmill in Hull)?



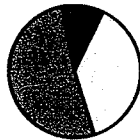
☒ Important
☒ Somewhat Important
☐ Not Important

- 5) How important is it for you to have the Green Electricity produced here in New England versus elsewhere in the country?



☒ Important
☒ Somewhat Important
☐ Not Important

- 6) Like your telephone bill, where you can choose different service providers, you can also choose different electricity providers. Would you prefer to purchase green power from –



☒ NSTAR
☒ Independent Provider
☐ Indifferent

- 7) Assuming that the purchase of Green Power from NSTAR would be an additional charge of between 5 and 10 dollars a month, how interested would you be in participating in such a program?



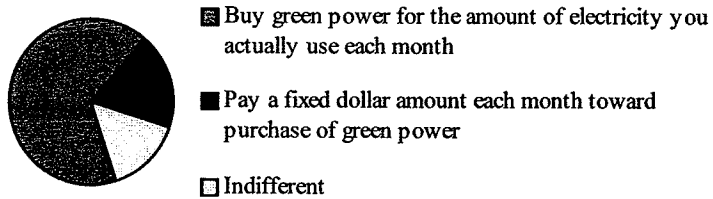
☒ Interested
☒ Not at all Interested

- 8) If this \$5-\$10/month could only be billed on your credit card, would you still be interested?



☒ Yes ☒ No

- 9) How would you prefer to determine how much you pay for green power each month:



- 10) On a rating of 1-10, where 1 is not at all important and 10 is very important how important is it for NSTAR's Green Power Program to be endorsed or supported by:

a) A leading environmental advocate?
Average response, 7.1

b) Massachusetts state government?
Average response, 6.3

- 11) Massachusetts plans to make available to green power buyers a tax deduction on their federal tax return for the extra cost they pay for renewable power.

a) Would this tax deduction make you be more inclined to purchase Green Power?



b) Would you want to keep these tax savings or use them to buy a little more green power?



12) In New England, a new accounting system was set up this year that uses "certificates" to tell consumers where their electricity was generated. NSTAR would buy these certificates from renewable power generators to assure you that your power is now renewable. Please tell me whether you agree or disagree with the following statements about this on a rating of 1-10.

a) I'm glad that there's a system so NSTAR will know where my green power will be coming from.

Average response, 6.2

b) This system of using certificates doesn't make sense yet, so I'd rather not participate until I get more information.

Average response, 6.1

c) I'd be interested if NSTAR would offer a simple way for me to buy some of these certificates myself.

Average response, 5.3

13) How would it affect your attitude toward NSTAR if NSTAR does offer green power in this way?



■ Improve it

■ Make no change

■ Lower it

If you have any questions on green power you can go to the website -
<http://www.masstech.org/>

Qualitative Research Findings
Customer Reactions to Green Power Option

July 22, 2003

Prepared For:



By:



BROWN MARKETING RESEARCH
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21 Tubwreck Drive Medfield, MA 02052
Phone: 508-359-1069 Fax: 508-359-1065
email: lbrownma@attbi.com

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BACKGROUND/PURPOSE:

The purpose of the research was to better understand reactions to the concept of “green power” among NSTAR Electric’s residential customers. Specifically, the research aimed to determine their awareness, understanding and perceptions of green power, and most importantly, their interest in a potential green power option to be offered by NSTAR Electric. In addition, the research sought to learn if customers would be willing to pay a premium for green power and how best the proposed green power option should be structured and marketed to NSTAR’s customers.

METHODOLOGY:

On July 22, 2003, two focus groups were conducted, with each group lasting 2 hours. The groups consisted of 9 and 10 participants, respectively, for a total of 19 respondents. The research was conducted at Focus on Boston in Waltham, Massachusetts. Respondents were each paid \$65. The focus groups were conducted by Lisa Brown of Brown Marketing Research.

Participants were recruited by telephone by the facility to fit the demographic profile of NSTAR Electric’s residential customers: an even mix of men and women, ages 25-54. All respondents had to be responsible for paying the electricity bill and making decisions regarding their household’s electric service. Respondents were recruited from a mix of communities served by NSTAR Electric in towns surrounding the Waltham facility. Finally, respondents were screened according to their energy efficiency and recycling habits in order to provide a representative sample in terms of their general environmental awareness.

A summary of the key findings of the research is presented in this document. For further detail, please refer to the videotapes of the sessions and respondents’ written handouts.

Qualitative Research Note: While focus group methodology is an excellent technique for exploration, by definition, it does not yield statistically projectable data. Qualitative research, because of the limited number of participants and the geographic restrictions imposed by the proximity to the research facility, is intended to provide insights that are directional in nature.

KEY FINDINGS:

After analyzing the results of this research, the major findings are summarized below. Differences between the groups are noted, as they exist. It should be noted that, while both groups were recruited to have a mix of education and income levels; the second group appeared to be a somewhat more “educated” group, that is, in terms of their specific knowledge of green power sources. Interestingly, this resulted in a desire for “*more information*” and a need for more in-depth communication of the specifics of the program among some respondents.

Given the broad scope of NSTAR’s residential customers, in terms of education, income levels, etc., it was helpful to have the different perspectives on the concept offered by the two groups. In marketing the green power option, NSTAR will be faced with customers who are either relatively informed or uninformed about green power. Ultimately, the differences between the two groups served to provide a more balanced representation of the marketplace.

GENERAL DISCUSSION OF GREEN POWER

Understanding & Perceptions of Green Power

At first, there were only a few respondents in each group who could easily define the term “green power” on an unaided basis. (Some examples given include: “*environmentally friendly...conscious of its effects on the environment*”; “*environmentally sound*”). Not surprisingly, the most commonly cited sources of green power were solar and wind energy.

When the term “green power” was defined, however, reactions were very positive among both groups, with most reporting a “*very favorable*” impression. Specifically, after reading the definition, respondents were then able to play back key benefits of green power, namely:

“*not harmful to environment, so not harmful to us...or future generations*”

“*renewable, so we won’t run out*”

“*make our country less dependent on [foreign] oil*”

Similarly, all participants were in favor of increasing the use of green power, when asked. It appears that respondents are at least somewhat familiar with the concept of green power when reminded of its benefits. That is, green power as a concept is not a difficult “sell”, but one that may require some explanation when it is introduced. Clearly, there is a need to educate NSTAR customers about the benefits of green power when introducing the program.

Awareness/Perceptions of Various Sources of Green Power

(Note: Given local availability of various green power sources, this discussion focused on the following four sources of green power: wind, solar, plant/biomass and landfill gas.) As mentioned, there was much stronger unaided recognition of solar and wind than the other two sources of green power. Even when prompted (when asked if they had heard of a specific source), all respondents in each group said they had heard of wind and solar, while far fewer were previously aware of biomass and landfill gas.

Specifically, in the first group, only 2 of 9 had heard of biomass and landfill gas, while in the second group 5 of 10 reported awareness of these two sources. (As mentioned, respondents in the second group were generally more knowledgeable about this topic than the first group.)

Interestingly, in terms of their preferences among these four green power sources, there were much stronger opinions in the second group than in the first. In the first group, 4 of 9 respondents reported that they had “*no preference*” between the sources (“*so long as it’s green*”). However, in the second group, all 10 participants were able to rank the four sources according to their preference.

Overall, most respondents who reported a preference ranked wind and solar in their “top two”. Importantly, the familiarity of wind and solar energy (and relative unfamiliarity with landfill gas and biomass) appeared to make respondents prefer the relatively better known sources of green power. Particularly, for some respondents in the second group, their frequent need for “*more information*” left them more hesitant to embrace these “new” sources of green power. Reactions to biomass, especially, were more negative in the second group, as discussed on page 6.

In their rankings, 11 participants listed wind and 10 listed solar in their “top two” choices, among the 15 who reported any preference. (Between these two sources, there was a slight preference for solar in the first group, among the five who had a preference. In the second group, there was a very slight preference for wind, with solar a very close second.)

Preferences for wind and solar were followed by landfill gas, with 6 (of 15) respondents choosing it in their “top two”. Biomass was a distant fourth, with only 3 of 15 naming it in their “top two” choices. More importantly, biomass was named as the last choice for 10 of the 15 respondents who reported a preference. (Perceived advantages and disadvantages for each source are discussed below.)

In examining the favorability ratings assigned to each of the four sources of green power presented, similar findings appear. Wind and solar were considered “*very favorable*” by 12 of 19 participants overall (6 of 9 respondents in the first group and by 6 of 10 respondents in the second group). In addition, most of the remaining participants viewed these sources as “*somewhat favorable*”.

Key advantages cited for wind energy included its low impact on the environment, availability in this area and that it is renewable. (“*it’s clean*”, “*it works well where there is a constant wind*”, “*it won’t dry up... we’ll always have it*”). Some potential disadvantages of wind energy mentioned included the visual aesthetics of multiple windmills on a larger scale, the space required to site windmills and, as it was described by one respondent, the “*not in my backyard*” factor. (One respondent raised the Cape Wind project in this context.)

As mentioned, overall reactions to solar energy were equally positive, primarily due to its renewable nature and due to familiarity with this energy source at the consumer level (“*you see homes now with solar panels*”). Perceived disadvantages included the limited availability or reliability in this area (“*it would be better in New Mexico*”) and an impression among some that it would be a costly alternative.

Interestingly, reactions to landfill gas were quite positive in the first group (with 7 of 9 saying “*very favorable*” and the other 2 saying “*somewhat favorable*”). While still favorable in their overall impression of landfill gas, the second group viewed landfill gas slightly less favorably than those in the first group. (Specifically, they were split 5 and 5 between “*very favorable*” and “*somewhat favorable*” in their ratings.)

Respondents liked the idea that the gas is already and continuously available (“*the gas is there anyway, so why not use it?*”) and that the source required no new space (“*the ground is useless as it is anyway...it’s a landfill, you’re not taking up any valuable land*”).

Perceived disadvantages (particularly in the second group) focused on the questions of cost and availability (“*just how much can you get?*”). Again, this second group wanted “*more information*”. Given the overall positive reactions when exposed to the concept of landfill gas, however, it appears that there is an opportunity to educate customers about its benefits.

Finally, reactions to biomass were somewhat mixed between the two groups. Most participants in the first group viewed it favorably (4 “*very*” and 4 “*somewhat*”). However, reactions in the second group were somewhat more negative than in the first group. In the second group, 6 viewed biomass favorably (3 “*very*” and 3 “*somewhat*”), but 4 viewed it unfavorably (2 “*somewhat*” and 2 “*very*”). Those respondents who were favorably disposed to biomass liked that a positive outcome resulted from a perceived negative (“*instead of the waste just piling up, some good can come out of it*”).

Those with a more negative view questioned the cleanliness of burning waste (“*Is it more pollution?*”... “*It’s dirtier than natural gas*”... “*There are toxic side effects....carbon dioxide released in the atmosphere*”). In the second group, one respondent was also particularly concerned that the burning of newspapers would be a “*bogus*” example of biomass energy.

Whereas solar and wind power appear to be more widely accepted as “clean” alternatives, biomass appears to suggest “more pollution”. Clearly, there will need to be some education of biomass as a clean option for it to be an accepted form of green power for some customers.

REACTIONS TO NSTAR'S GREEN POWER OPTION

Initial Reactions to Concept

The focus group respondents were first exposed to a written concept of NSTAR's green power option, without any mention of prices. Reactions were positive, with virtually all (18 of 19) reporting that they would be at least "*somewhat interested*" in participating in such a program (6 "*very*" and 12 "*somewhat*").

Interestingly, the level of interest was strongest in the second group, where 5 of 10 said they were "*very interested*" and 4 of 10 reported that they were "*somewhat interested*". The first group was slightly more reserved in their interest, with 8 of 9 reporting that they were "*somewhat interested*" and only 1 saying she was "*very interested*".

While participants viewed the environmental benefits positively, there were some questions raised about the cost and, particularly in the first group, about the perceived reliability of electric service generated from green power sources. Again, respondents asked for "*more information*" to better understand this option. In its marketing communications, NSTAR will need more than a passing reference to reassure some customers about the continued reliability of service with green power.

In the second group, in addition to asking what NSTAR's green power option would cost, some also wanted to know if they could choose the mix of energy sources. This desire for control over the mix among some respondents in the second group is not surprising given the strong preferences of solar and wind over biomass in this group, as discussed previously. (The issue of choosing the mix is discussed in further detail on page 11.)

Finally, a few participants also asked for verification of their green power purchases ("*how would I know what I was getting?*"). (Later in the discussion, when discussing whether or not customers would choose the mix, respondents were told that they would receive a label every quarter detailing the percentage of energy from various sources. This idea was favorably received.)

Willingness to Pay for Green Power

Unaided Responses

Next, respondents were asked on an unaided basis (i.e., without any specific pricing) how many would be willing to pay a premium for green power. Approximately half in each group said that they would be willing to do so (which mirrors the MTC's research on this question). Among those willing to pay a premium, most were comfortable in the 10-15% range, with a couple in the second group willing to pay from 40% to even double their current electric bill.

Reactions to Specific Pricing Options

Respondents were then exposed to three pricing options, based on either 25%, 50% or 100% green power. The incremental monthly costs, based on a monthly average bill of \$72, were explained to be as follows:

- 25% Green Power: \$5.88
- 50% Green Power: \$11.75
- 100% Green Power: \$23.50

Overall, the interest in participating was greater at the lower price points. Specifically, at the 25% level, most participants (14 of the 18 who responded) said they would be either "very" (8) or "somewhat interested" (6) in participating. Respondents explained that they would feel like they were "*doing something, at least*" for relatively "*not much more*". Reactions to this price point were similarly positive between both groups.

Interestingly, respondents the second group were more interested in participating at the higher price points than were participants in the first group. However, the second group still preferred the lowest price point overall.

At the 50% price point (\$11.75), interest decreased somewhat, with 12 of the 18 who responded saying that they would be either "very" (4) or "somewhat interested" (8) in participating. As mentioned, there was more interest in this price point in the second group

(8 of 10 either “very” or “somewhat interested”) versus the first group, where only 4 (of the 8 who responded) expressed any interest at this price point.

At the highest price point (100% green power for an average additional cost of \$23.50), there was only limited interest, with only 6 of the 18 who responded expressing any interest in this price point. In the first group, there was virtually no interest at this price point, with only 1 of the 8 who responded reporting any interest. The second group expressed more interest in this option, with 5 of 10 willing to consider this price point (2 “very interested” and 3 “somewhat interested”). Interestingly, one respondent suggested that the 100% green power option might be more acceptable in more affluent communities, where the \$23.50 additional monthly cost might not be considered prohibitive.

Next, participants were asked to rank their choices, if NSTAR could only offer one or two pricing options. Overall, most chose the 25% option as their “first choice” and the 50% option as their “second choice”. A few others in the second group suggested “the extremes” (25% and 50%): As they explained, “There are some people who will throw \$6 at it and those who are really committed.”

Finally, respondents were asked how interested they would be in participating if NSTAR would only offer one option. At the 25% level, most (14 of 19) said they would be interested in participating (12 “very” and 2 “somewhat”).

If possible, it is recommended that all three options be offered to customers when the green power option is introduced. The idea of “choice” or “options” was one that was favorably received. However, if only one or two options can be offered, the 25% and 50% levels (in that order) appeared to generate the broadest interest.

Reactions to Pricing Structure (fixed percentage vs. fixed dollar amount)

Next, in terms of the pricing structure, respondents were given two options: either a fixed percentage (where the dollar amount would vary according to their usage) or a fixed dollar amount (where the percentage of green power would vary). Interestingly, the first group appeared more flexible in this regard, with most saying they had no strong preference. Meanwhile, the second group strongly favored the fixed percentage, with 9 of 10 choosing this option.

Those who had a preference appeared to find the fixed percentage option “*easier to understand*”, and felt that they were “*doing [their] share*”, knowing that they were purchasing a set percentage each month. There also appeared to be an expectation that the dollar amount would not vary dramatically.

Based on this research, therefore, it would appear that the fixed percentage would be the preferred option. (Note: When introducing the program to customers, it may be helpful, however, to clearly explain that the exact dollar amount may change based on their monthly electric usage, so that there are no negative “surprises”).

Reactions to Tax Incentive

Next, participants were told of a potential federal tax deduction for their green power purchases and asked how that might impact their interest in participating in NSTAR’s program.

Based on this research, the tax deduction appears to be a potentially strong motivator: most respondents (16 of 19) stated that they would be more inclined (10 “*much more inclined*” and 6 “*somewhat more inclined*”) to participate in the program with such a tax deduction. (The few others said it would make “*no difference*”, with no one being “*less inclined*” to participate.)

Respondents reacted very positively to the tax incentive, including one man who was particularly enthusiastic (“*This is huge...that’s when I start talking to my neighbors and getting them to do it too.*”) Not surprisingly, respondents liked the idea that they could “*get some of the money back*” (“*every little bit helps*”).

Furthermore, some participants suggested that with the tax incentive perhaps more people would get involved in the program, which would make their own contribution more significant (“*so I’m not the only one doing it*”). Others also responded positively to the idea that if it was a federal deduction, perhaps other states could also be setting up similar programs.

Ultimately, the tax deduction suggested to respondents that there would be more purchases of green power, which appeared to enhance their own interest in participating. (As one woman had questioned earlier: "*how do you get large amounts of people to convert?*") Therefore, it appears that the tax deduction is not only a financial incentive for that individual, but may help to enhance perceptions of green power as a viable alternative on a broader scale.

Based on these research findings, it is recommended that the tax deduction (MCEC program) be included in NSTAR's marketing its Green Power Option. It appears that, particularly as a federal tax deduction, this could be a considerable motivator to stimulate customer interest in green power purchases.

Relative Importance of Choosing the Mix of Green Power Sources

Respondents were given two options: either customers could choose the mix of green power (ex., dictating 90% solar and 10% wind energy) or NSTAR would create the most cost effective mix. As mentioned, there were considerable differences between the two groups in their degree of preference between green power sources (i.e., the first group tended to be more indifferent and the second group held very strong opinions on the various sources of green power).

Therefore, it was not surprising that results on this question were also mixed: the first group (those who did not have strong preferences) wanted NSTAR to create the mix, while the second group (who had strong preferences) wanted to dictate the mix themselves. While this may seem inconclusive, it is probably reflective of a varied customer base: there will be customers who are more educated and want to make their own choices and other customers who are rather uninvolved and are "*just happy so long as it's green*".

If possible, it is recommended to give customers the option to create the mix if they want to do so and, if not, to allow customers to opt for NSTAR creating the most cost effective mix. If this idea is not operationally feasible, then it is recommended that NSTAR simply offer customers the ability to choose the mix.

However, if this option is not deemed to be cost effective (i.e., if NSTAR would have to create the mix to make the program cost effective), then it is recommended to at least make sufficient information available (perhaps on the website) to satisfy those customers whose need for information makes them hesitant to embrace less familiar alternatives. In addition, by educating consumers (especially in the case of biomass), perhaps some of the potential negative perceptions can be alleviated. This may make some customers more accepting of the various choices and, therefore, more amenable to allowing NSTAR to create the mix.

Finally, it should be noted, that even if customers cannot choose the mix of sources, it should be helpful to at least communicate (ex. quarterly) the percentage of each source that they are purchasing. As mentioned, respondents do appear to want some form of verification of their green power purchases.

Relative Preference for NSTAR to Provide Green Power vs. Competitor

Participants were asked if they would prefer to choose green power from NSTAR, an independent provider or if they were indifferent. Interestingly, the first group was considerably more brand loyal, with 7 of 9 choosing NSTAR. Their responses reflected positive opinions about the company, as well as a certain amount of inertia in finding other alternatives:

[NSTAR]: *"They are the trusted leaders in the industry."*

"I don't have time for this [to pick another provider]...Leave it to the experts. It's their job, not mine."

"It's just easier...would my service be interrupted if I went elsewhere?"

Meanwhile, the second group were considerably less brand loyal, with almost all (9 of 10) saying they were *"indifferent"*. When asked why they would not have a preference, some suggested that their electric service was not top of mind: *"I have no brand loyalty. It's fine service, but not something I think about."*

Another respondent in this group started complaining about past outages (in his town of Arlington), but when prompted, agreed that the service was *"better in the past year and a half"*. The group was asked if they were generally satisfied with their service, which they did

appear to be. Therefore, it does not appear to be dissatisfaction with NSTAR that caused the limited loyalty in this group, but rather more indifference or lack of involvement in their electric service.

(Interestingly, it should be noted that one woman mentioned “*your rate goes up if you leave NSTAR and come back*”. A few suggested after hearing the woman’s comment that they might be more inclined to stay with NSTAR for this reason.)

Finally, one might suggest that by introducing a green power program, it might make customers more positively disposed to NSTAR. As discussed further on page 16, the green power option did appear to enhance respondents’ impressions of NSTAR as a company.

Relative Importance of Knowing Exact Sources of Power

Respondents were asked how important it was for them to know exactly where the green power was being generated (ex. the exact location of the windmill, landfill, etc.). Overall, more respondents (12 of 19) said that they would like to know (7 found it “*very important*” and 5 found it “*somewhat important*”). One woman suggested that at least “*initially*” (when the program was introduced), it would be helpful to know where the power was coming from. This would also serve to legitimize that the power was coming from green sources (“*tell me what I’m getting*”).

Not surprisingly, those in the first group were more indifferent than those in the second group. Specifically, most of those in the first group (6 of 9) were less interested (5 found it “*somewhat unimportant*” and 1 “*not at all important*”). Meanwhile, among the information-seeking second group, virtually all (9 of 10) were interested in knowing the exact source (4 found it “*very important*” and 5 “*somewhat important*”).

However, it is important to note that, although many said that they would like to know, they do not appear to need to know. Respondents were asked if they did not know exactly where the green power was being generated, would they still participate in the program.

Interestingly, most (15 of 19) said they would still be interested in participating in the program without this information. (Specifically, 11 stated that they would still be “*very*

interested” and 4 said they would still be “*somewhat interested*”.) Therefore, even among the information-seekers, this degree of information does not appear to be absolutely necessary.

Next, respondents were probed about some specific potential sources of green power in this area (both current and proposed) to determine if they were aware of these sources and, if so, about their opinions of such sources. First, for the current examples, there was some awareness of the MWRA plant on Deer Island, with far more limited awareness of the windmill in Hull and virtually no awareness of the landfill in Chicopee.

In terms of their perceptions, respondents were either indifferent or positive. For example, some were pleased to hear that there was a “*positive outcome*” (in terms of green power produced) from the MWRA’s waste water plant.

In addition, respondents were asked about some proposed green power projects, namely the proposed windmills on Boston Harbor Islands and the Cape Wind project. First, no participants reported being previously aware of the Boston Harbor Islands project, but generally viewed it positively when it was mentioned briefly. In addition, participants were asked what their impression would be if NSTAR was associated with this project and the response was generally positive (“[It shows that] *they’re more green friendly*”).

In terms of the Cape Wind project, not surprisingly, there was more awareness of this project (with 11 of 19 previously aware). While some respondents appeared to be aware of the controversy surrounding this project, they did not appear to perceive the project negatively. (“*I need more information. I’ve only heard the negative.*”) When asked if they would be in favor of NSTAR purchasing green power from this source if it were to be built, most at least appeared to be open to the possibility.

Relative Importance of Third-Party Endorsements

Participants were asked how important (on a scale of 1-10) it would be for NSTAR’s Green Power Option to be endorsed by either an environmental advocate or the state government. The endorsement by an environmental advocate appeared to carry considerably more weight than that of a state agency or figure. Specifically, in examining their individual ratings on

these questions, the overall mean rating on the environmental advocate was an 8.1, while for state government, it was only a 5.5.

Also, when asked how many respondents gave ratings in the "8-10" range, most (15 of 19) assigned such importance to the environmental advocate, with far fewer (only 4 of 19) considering a state government endorsement to be in this "8-10" range.

When asked why the environmental endorsement was so important, some suggested that this validated NSTAR's Green Power Program. As one participant explained, "*NSTAR is not in the business of saving the environment.*" Respondents looked favorably on the "*expert opinion*" to provide reassurance that the power they were buying would be, in fact, "green". In addition, another suggested that if NSTAR could not get an endorsement that it might make the program seem suspect: "*If you can't get one to back you, give it up.*"

In terms of specific environmental advocates, MassPIRG and Sierra Club carried far greater name recognition than Green Mountain Energy or Amory Lovins. Specifically, 16 (of 19 respondents) had heard of Sierra Club and 15 had heard of MassPIRG. On the contrary, only 4 had heard of Green Mountain Energy and no one had heard of Amory Lovins.

A few suggested that obtaining an environmental endorsement from MassPIRG might be difficult ("*they're more hard core*"). Therefore, getting such an endorsement might carry considerable weight ("*They're more radical, so if you can get them on your side...*") Some also liked the idea that MassPIRG was a local group, as opposed to a national organization, such as the Sierra Club.

In terms of the state government endorsement, some appeared rather skeptical of state government in general, which made any endorsement less meaningful to them ("*They'll do it if it looks like it'll get them votes*"). Clearly, the impact of an environmental advocate was more compelling to most respondents. Some other suggestions for third-party endorsements included the EPA, the State Attorney General's office ("*they're more consumer advocates*") or the TV media's own consumer advocates ("*Like if one of the consumer advocates on Channel 4, 5 or 7 said this was a good idea that would make me feel good*"). It appears there may be opportunity to promote NSTAR's Green Power Option via some public relations programs through the general media.

Impact on Impressions of NSTAR as a Company

When asked what impact a Green Power Option would have on their attitude toward NSTAR as a company, respondents reacted rather positively. Overall, most participants (15 of 19) said it would improve their impression of NSTAR (6 “*greatly*” and 9 “*somewhat*”).

Interestingly, those in the second group (the more “opinionated” group) were particularly positive: 6 of 10 said it would “*greatly improve*” their impression and 3 of 10 said it would “*somewhat improve*”. (By comparison, in the first group, 6 of 9 said it “*somewhat improve*” their perception, while 3 said it would make “*no change*”.)

Importantly, the woman who had earlier suggested that she felt no specific loyalty to NSTAR, said she now felt more positive (“*As I said, I never thought twice about them as a company, but knowing this would actually make me think of them and think positively.*”) Others appeared to agree with her comment.

When asked what the Green Power Option told them about NSTAR as a company, participants suggested some very positive connotations, for example:

“[They’re] *a socially conscious corporation.*”

“*They care about the environment.*”

“*They’re doing their part.*”

“*Forward thinking.*”

“*Willing to listen to customers.*”

There were, of course, a few skeptics (“*they’re still bottom line oriented*” ... “*It might be a noble objective, but with not such good implementation*”). However, for the most part the reaction toward NSTAR as a company was very positive. Therefore, the research suggests that there may be considerable opportunity to enhance NSTAR’s company image by means of a green power program. Again, this suggests broad communication of NSTAR’s program, not only through bill inserts, but also in the media, through advertising and public relations.

SUMMARY/RECOMMENDATIONS:

Based on the findings of this research study, there appears to be considerable interest and appeal in a green power option. In order to maximize participation in an NSTAR program, it is recommended that customers be educated (or reminded) of the benefits of green power. In particular, certain green power sources (namely biomass and landfill gas) will require further explanation (vs. solar and wind, which are more widely accepted as "green" alternatives).

In terms of pricing, there at least needs to be a low level (ex. 25% or \$5.88) option to generate broad-based interest in the program. If multiple options can be offered, this may also increase participation, allowing those who are willing to commit more to green power that possibility. It appears that a fixed percentage pricing structure is more appealing than a fixed dollar structure. Finally, the tax incentive appears to be a strong motivator and should be included in NSTAR's marketing communications.

Since the relative importance of choosing the mix of green power sources differed according to the level of interest and knowledge about green power, it is suggested that customers be given an option to choose the mix if they want to do so or if not, allow them to opt for NSTAR creating the mix. If this idea is not possible, it is recommended that NSTAR make ample information to those who seek it (ex. on the website), to alleviate concerns with various sources and, therefore, perhaps make customers more amenable to allowing NSTAR to create the mix.

Respondents appeared either to prefer to buy their green power from NSTAR or were indifferent, but fortunately, did not appear to be seeking competitive alternatives. In fact, it appears that by introducing a Green Power Option, brand loyalty could be enhanced. The introduction of a Green Power Option did appear to improve impressions of NSTAR as a company among these participants.

While participants appeared to be interested in hearing exactly the source of green power (ex. where the windmill, landfill, etc. was located), this did not appear to be absolutely necessary. Most reported that they would still be interested in participating without this information.

In terms of third-party endorsements, an environmental advocate's endorsement appears to be more compelling than that of state government. Of those environmental advocates mentioned, MassPIRG and the Sierra Club appear to have the broadest name recognition and potential influence.

Finally, there appears to be an opportunity for broad-based communication of NSTAR's Green Power Option, not only through bill inserts to existing customers, but also through advertising and public relations to a broader audience. It appears that the positive associations of green power can only serve to enhance NSTAR's public image.

Suggestion for Future Research

As NSTAR prepares its Green Power service for introduction, it may want to conduct research on marketing communications pieces (ex. bill inserts, advertising concepts, the website, etc.) before the actual launch. Qualitative research can be used to evaluate these marketing vehicles on important measures including:

- Message comprehension (Does it communicate clearly?)
- Relevance (How compelling is the message?)
- Persuasion (Will it stimulate trial of the new service?)

Such research can serve to maximize the effectiveness of NSTAR's marketing campaign and contribute to a successful launch of NSTAR's Green Power Option.



NSTAR Green

Committed to Serving You Well

00660

What is Green Energy?



Tidal Power

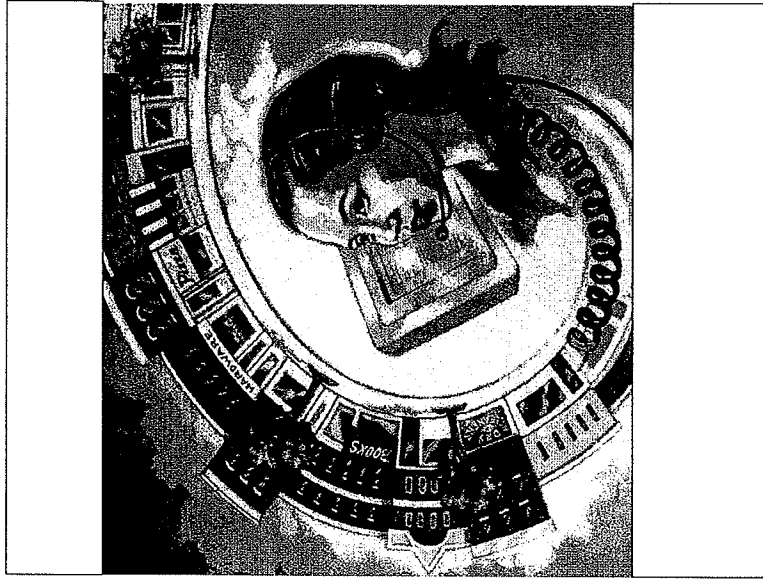
Green Power is electricity generated from renewable,
or “green”, energy resources



What is NSTAR Doing?

Through customer surveys and focus groups, you told us:

- Give us a choice for green power
- Create a cost effective mix of green resources
- Make it simple and easy



We're listening to the voices of our customers

How Can I Support Green Power?

NSTAR Green

- Available as a premium to either Default Service or Standard Offer
- 25% produced from new renewable resources
- Up to 5% from solar and/or wind
- May be eligible for a Federal Tax deduction

NSTAR Green is your choice for a cleaner environment

00633



More About NSTAR Green...

NSTAR Green

- Imposes no costs to non-participating customers
- Pass-through for NSTAR, no profit
- NSTAR will provide disclosure labels
- Charges will appear on NSTAR bill
- Customers can deselect by notifying NSTAR 3 days prior to the next meter read

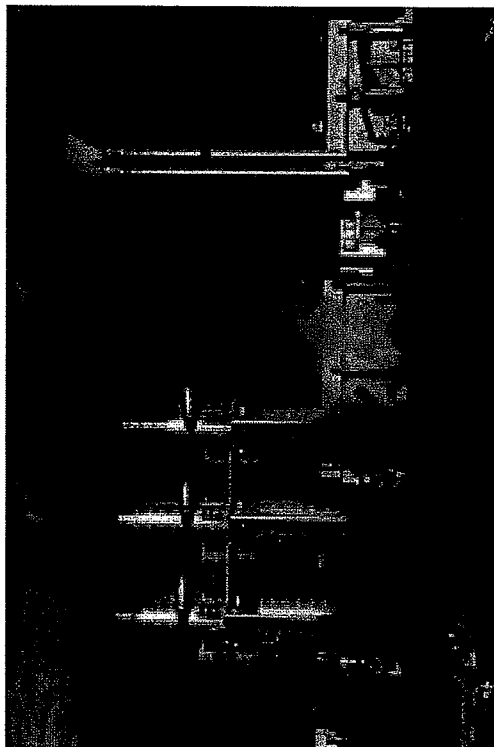
000004



Why NSTAR Green?

By choosing this service, the average residential customer will reduce emissions in New England by -

- 3 lbs No_x
- 2,060 lbs CO_2
- 8 lbs SO_2
- 5 Milligrams Mercury



To do your part in creating a cleaner environment

00635

How Do I Sign Up?

Residential Customers Call 1-800-592-2000

Small Business Customers Call 1-800-340-9822

For more information see our website at –

www.nstaronline.com

NSTAR is in the business of serving our customers well.





NSTAR Green

A New Choice for NSTAR Customers

September 26, 2003

Why Offer NSTAR Green?

Surveys and focus groups indicated customers -

- Want to do their part
- Have not seen any other offerings

“Check-off” option is easy for the customer and has been successful with other utilities

NSTAR Green was designed around our customers’ preferences

How Does NSTAR Green Support the Green Market?

- Consists only of New Renewable generation
- Minimum of 5% solar and/or wind
- Increases customer participation and awareness

NSTAR Green will create demand for additional green generation in New England

How Does NSTAR Green Support Restructuring?

- NSTAR Green will be a stimulus for the residential competitive market
- REC's will be indirectly purchased from competitive suppliers
- Provides a catalyst for additional innovative products from competitive suppliers

Choice creates awareness, awareness fosters competition

00640

Let's see how NSTAR Green relates to the Renewable Portfolio Standard (RPS)

- Under M.G.L. c. 25A § 11F Utilities are required to provide a minimum percentage of their electricity from Renewable Energy Generating resources
 - 2004 = 1.5%
 - 2005 = 2.0%
- Compliance is tracked using Renewable Energy Certificates (REC's)

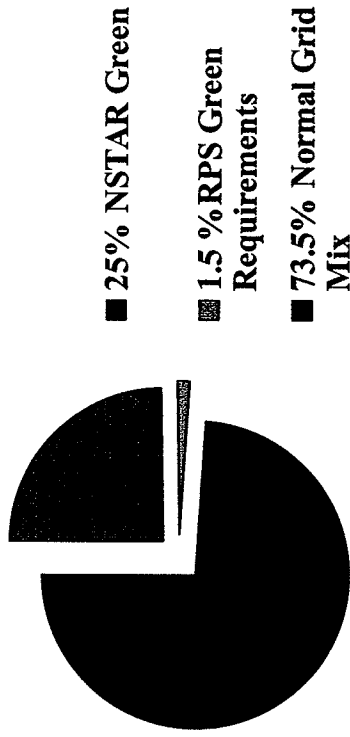
00641

Renewable Energy Certificates

- Qualified Generators are issued one certificate (REC) for each Megawatt-Hour of generation produced during the calendar quarter.
- Qualifying Generators in Massachusetts currently include Biomass, Wind, Landfill, and Digester Gas

NSTAR Green

Customers who enroll will have 25% of their electricity come from new renewable resources. A minimum of 5% will come specifically from solar and/or wind



- Customers can add or drop this optional service by notifying NSTAR up to 3 days prior to the next meter read
- Premium may be eligible for a federal tax deduction

Procurement

- NSTAR purchases REC's from winning supplier(s) of competitive bidding process.
- REC's are supplied on a quarterly basis and matched to participating Customer Load

00644

Energy Label

- NSTAR will provide each customer with a Disclosure Label itemizing the types and quantities of Renewable Energy supplied to the customer.
- Labels are produced quarterly using historical average data.

In Closing...

- Similar programs average 1% participation
- The most successful have 3-5% participation
- We expect NSTAR Green to be a very successful program for our customers

NSTAR is in the business of serving our customers well

NSTAR Green

NSTAR Green Job Aid

What is NSTAR Green?

NSTAR Green is defined as electricity generated from renewable resources such as solar, wind, or hydro. If approved, by the Massachusetts Department of Telecommunications & Energy, NSTAR will be offering the NSTAR Green option in the first quarter of 2004. If approved, NSTAR Green would meet 25 percent of a customer's electricity needs from new, renewable energy resources. NSTAR Green will be a premium option on the NSTAR electric bill. As with current Standard Offer and Default Service rates, NSTAR will make no profit on the NSTAR Green option.

What is the purpose?

NSTAR is offering this new option because customer research shows that this is an option our customers want. We are also making this available to our customers to support a robust renewable energy market, and help foster a competitive energy supply market in the New England region.

Who is eligible?

NSTAR will be offering the NSTAR Green option to our residential and small commercial/industrial customers in the first quarter of 2004.

What's happening now?

At this time we are taking information from our customers who would like to be placed on a reserve list. Prior to the actual implementation a company representative will contact the customer regarding start up information.

What if the customer does not want to participate in program now?

If the customer does not want to be placed on the reserve list at this time they may sign up for this service in the future by contacting us via telephone, or they may visit our web site at www.nstaronline.com

How does the customer get on the list?

If a customer would like to be on the reserve list, we will need the following information:

- ✓ Account number
- ✓ Name
- ✓ Address
- ✓ A telephone number where we may contact them.

What do you do with this information?

1. From the Working At NSTAR Intranet *click* www.nstaronline.com
2. From the Home page *click* NSTAR Green (located at the bottom of the page)
3. From the NSTAR Green page *click* simple form found in the **How do I enroll?** paragraph.

*NSTAR Green Job Aid*

4. Once the NSTAR Green form opens you may save it to your favorites for quick future access by clicking your **Favorites** folder found on the Main Menu Bar.
5. Enter all the required information.
6. Click submit.

What do you do if the customer has complex questions?

If the customer has complex questions regarding NSTAR Green, contact your supervisor.

What's happening in the future?

Once approved by the DTE for a January start date, customers interested in participating in the NSTAR Green program will not longer have to be placed on a reserve list. When you receive the customer call, process the NSTAR Green rate change and advise the customer that it will become effective with the next scheduled meter reading.

If the customer has a competitive supplier, the customer must choose NSTAR as their supplier in order to participate in the NSTAR Green program.

NSTAR Green

NSTAR Green Job Aid

NSTAR Electric Green Power Rates

Company	Present Rate	Green Power Rate
Boston Edison	10A1	10H1
Boston Edison	10A7	10H7
Boston Edison	10A2	10H2
Boston Edison	20A3	20H3
Boston Edison	20A4	20H4
Boston Edison	10A8	10H8
Boston Edison	10A5/A6	10H5/H6
Boston Edison	30A9	30H9
Boston Edison	30B1	30J1
Boston Edison	30B2	30J2
Boston Edison	30B9	30J3
Boston Edison	30B5/B6	30J4/J5
Boston Edison	30C1	30J6
Boston Edison	30C2	30J7
Boston Edison	30C4	30J8
Boston Edison	30C3	30J9

Company	Present Rate	Green Rate
Cambridge Electric Light	1001	10L1
Cambridge Electric Light	1005	10L2
Cambridge Electric Light	2004	20L3
Cambridge Electric Light	2007	20L4
Cambridge Electric Light	1048/49	10L5/L6
Cambridge Electric Light	1010/16	10L7/L8
Cambridge Electric Light	3006	30L9
Cambridge Electric Light	3002	30M1
Cambridge Electric Light	3052/53	30M2/M3
Cambridge Electric Light	3036	30M4
Cambridge Electric Light	3051/54	30M5/M6
Cambridge Electric Light	3019	30M7
Cambridge Electric Light	3080	30M8

00649

NSTAR Green

NSTAR Green Job Aid

NSTAR Electric Green Power Rates

Company	Present Rate	Green Rate
Commonwealth Electric	1032	10P1
Commonwealth Electric	1166	11P2
Commonwealth Electric	1168	11P3
Commonwealth Electric	1030	11P4
Commonwealth Electric	1137	11P5
Commonwealth Electric	1138	11P6
Commonwealth Electric	2086	20P7
Commonwealth Electric	2042	20P8
Commonwealth Electric	1057	10P9
Commonwealth Electric	1158	11Q1
Commonwealth Electric	1059	10Q2
Commonwealth Electric	1039/40	10Q3/Q4
Commonwealth Electric	3033	30Q5
Commonwealth Electric	3135	31Q6
Commonwealth Electric	3123	31Q7
Commonwealth Electric	3041	30Q8
Commonwealth Electric	3088	30Q9
Commonwealth Electric	3022	30U1
Commonwealth Electric	3055/56	30U2/U3
Commonwealth Electric	3131/34	31U4/U5
Commonwealth Electric	3079/81	30U6
Commonwealth Electric	3082	30U7

00650

Newsletter story

NSTAR Green

A new option for a cleaner environment

As a way of responding to customer requests, and supporting a renewable energy market, NSTAR customers now have the option of having 25 percent of their electricity supplied by "green" power sources such as hydro, solar, wind and biomass for an additional x.xx per kWh. This 25 percent is in addition to the state required 1.5 percent of renewable energy that NSTAR is required to include in our electricity supply for 2004.

As an NSTAR Green customer, the supplier services section of your bill will indicate this green option. An additional cost of xx.x per kWh will be added to your standard offer service or default service rate. As with your current supplier portion of the bill, NSTAR makes no profit from NSTAR Green.

Interested? Signing up is simple. Call us at **800-592-2000** or visit our web site – **www.nstaronline.com**. The NSTAR Green option will take effect on your next meter reading date as long as you let us know three days prior to that date. Similarly, to end your participation in the program you simply need to let us know three days prior to your next meter reading date. Meter reading dates can be found on your bill.

Green Power Script for Call/Tech Center

If approved by the Massachusetts Department of Telecommunications & Energy, NSTAR will be offering a Green Power option to our residential and small commercial/industrial customers in the first quarter of 2004. If approved, NSTAR Green would meet 25 percent of a customer's electricity needs from new, renewable energy resources.

NSTAR is offering this new option because customer research shows that this is an option our customers want. We're also making this available to our customers to support a robust renewable energy market, and help foster a competitive energy supply market in the New England region.

At this time we are taking information from our customers who would like to be placed on a reserve list. If you would like to be placed on this list I will need your account number, name, address and a telephone number where we may contact you. Prior to the actual implementation a company representative will contact you regarding start up information.

If you prefer not to be placed on our reserve list at this time you may signup for this service in the future by contacting us at least three (3) days prior to your next meter reading date (which is found on your bill).

Green Power will be a premium option on your NSTAR Electric bill. As with current Standard Offer and Default Service rates, NSTAR will make no profit on the NSTAR Green option.

Notes

- Green Power is defined as electricity generated from renewable resources such as solar, wind, or hydro.
- We have set up a mailbox on outlook "Green Power". Please use this to enter the customer information for those customers who would like to be on the reserve list.
- If the customer has any complex questions regarding Green Power please contact your supervisor.

NSTAR Green

Communications Plan December, 2003

Objective: Promote NSTAR Green to residential, small commercial/ industrial customers, and NSTAR employees to reach program's goals and objectives as outlined in the program plan.

Strategy: Communicate key messages to residential and small business customers using multiple, existing internal and external communication channels. Maximize partnership marketing including NSTAR's energy efficiency efforts, distributed generation application process and low-cost external partnership opportunities such as Green E and SmartPower marketing efforts.

Execution of corporate communications:

Audience	Timing	Channel
Customers	Pre-launch (Fall '03)	<ul style="list-style-type: none">• Press Release• Web Page Info/Reservation List
	Program Launch (tentatively – January 2004)	<ul style="list-style-type: none">• <i>In Focus*</i> newsletter• Press event/press release• Web site
	February, '04	<ul style="list-style-type: none">• Bill message• Incorporated with Energy Efficiency collateral
	Spring, '04	<ul style="list-style-type: none">• <i>In Focus</i>• <i>Energy Trends**</i>
	Fall '04	<ul style="list-style-type: none">• Bill Message
	Ongoing	<ul style="list-style-type: none">• Web site• One on One Outreach with Account Executives and Community Relations Reps.• Application process for distributed generation program.
Employees	Ongoing	<ul style="list-style-type: none">• TODAY***• TODAY Extra (upon

		launch) • Intranet • Staff Meetings/Drop –in sessions • Payroll inserts
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*In Focus is NSTAR's customer newsletter that accompanies bills.

** Energy Trends is NSTAR's newsletter mailed directly to mid-sized customers.

***TODAY is NSTAR's daily employee newsletter.

Long Term Strategy: On a regular basis, NSTAR will evaluate this approach and if permissible by subscription rate, will implement a broader communications/marketing plan.

Unknown

From: Cunningham, Gary
Sent: Tuesday, October 21, 2003 3:29 PM
To: 'dshah@energynewengland.com'
Subject: FW: NSTAR Green RFP

Per your request attached is the NSTAR RFP for Default Service Supply which includes a request for Renewable Attribute Supply. The NSTAR Green Program is covered in Section VI of the RFP. For clarification purposes, Suppliers will be required to supply NE-GIS Certificates equivalent to 25% of participating customer load from RPS Eligible New Renewable Resources as defined in 225 CMR 14.00.

Gary Cunningham
Senior Energy Supply Analyst
NSTAR Electric & Gas
One NSTAR Way
Westwood, MA 02090

Ph: 781-441-8059
Fx: 781-441-8066

00655

1/14/2004

Unknown

From: Lange, Jennifer [Jennifer.Lange@csggrp.com]
Sent: Wednesday, September 24, 2003 3:23 PM
To: Gary_Cunningham@nstaronline.com
Subject: Request for supplemental documents

Dear Gary,

At your earliest convenience, could you please forward the following documents related to NSTAR's Default Service RFP; 1) Appendix B - Proposal form and 2) Market research indicating expected participation levels for NSTAR Green Program. If you could send Appendix B in a word doc format that would be preferred over a PDF

Please make sure you are familiar with the NSTAR Information Systems Acceptable Use Policy.

00656

Unknown

From: Matt Williamson [MWilliamson@natsource.com]
Sent: Wednesday, September 17, 2003 7:29 PM
To: 'gary_cunningham@nstaronline.com'
Subject: Natsource

Gary,

Thanks for giving me a call. We would be very interested in responding to the RFP you mentioned. My contact details are as follows:

Matt Williamson
Renewable Energy Desk
Natsource LLC
140 Broadway, 30th Floor
New York, NY 10005
(212) 232-5305
mwilliamson@natsource.com

Best regards,

Matt

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Unknown

From: Cunningham, Gary
Sent: Thursday, September 25, 2003 3:45 PM
To: 'larry@massenergy.com'.
Subject: NSTAR Green RFP

Larry:

Per your request attached is the NSTAR RFP for Default Service Supply which includes a request for Renewable Attribute Supply. The NSTAR Green Program is covered in Section VI of the RFP. For clarification purposes, Suppliers will be required to supply NE-GIS Certificates equivalent to 25% of participating customer load from RPS Eligible New Renewable Resources as defined in 225 CMR 14.00.

Gary Cunningham
Senior Energy Supply Analyst
NSTAR Electric & Gas
One NSTAR Way
Westwood, MA 02090

Ph: 781-441-8059
Fx: 781-441-8066

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1/14/2004

Unknown

From: Cunningham, Gary
Sent: Thursday, September 18, 2003 6:59 AM
To: 'Matt Williamson'
Subject: RE: Natsource



030917_DS
RFP.pdf



030917_DS
CONTRACT.pdf



030917 Green
Lower Program Sup..

Good Morning:

NSTAR is pleased to issue the attached Request for Proposal for Default Supply services.

You will also be receiving a printed copy of the RFP and supporting documents via express delivery.

Gary Cunningham
Senior Energy Supply Analyst
NSTAR Electric & Gas
One NSTAR Way
Westwood, MA 02090

Ph: 781-441-8059
Fx: 781-441-8066

-----Original Message-----

From: Matt Williamson [mailto:MWilliamson@natsource.com]
Sent: Wednesday, September 17, 2003 7:29 PM
To: 'gary_cunningham@nstaronline.com'
Subject: Natsource

Gary,

Thanks for giving me a call. We would be very interested in responding to the RFP you mentioned. My contact details are as follows:

Matt Williamson
Renewable Energy Desk
Natsource LLC
140 Broadway, 30th Floor
New York, NY 10005
(212) 232-5305
mwilliamson@natsource.com

Best regards,

Matt

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Unknown

From: Cunningham, Gary
Sent: Tuesday, September 23, 2003 3:23 PM
To: 'Lange, Jennifer'
Subject: RE: NSTAR Request for Proposal for Standard Offer



030917 DS
RFP.pdf



030917 DS
CONTRACT.pdf



030917 Green
lower Program Sup..

Jennifer:

Here is the RFP for Default Service

Gary

-----Original Message-----

From: Lange, Jennifer [mailto:Jennifer.Lange@csggrp.com]
Sent: Tuesday, September 23, 2003 1:09 PM
To: Cunningham, Gary
Cc: Daly, James
Subject: RE: NSTAR Request for Proposal for Standard Offer

Dear Gary,

Could you please add Conservation Services Group, Inc., to your mail list for receiving copies of NSTAR's standard offer and default service RFPs.

Thanks in advance,

Jennifer Lange

-----Original Message-----

From: Cunningham, Gary [mailto:Gary_Cunningham@nstaronline.com]
Sent: Monday, September 08, 2003 11:44 AM
To: Daly, James
Subject: NSTAR Request for Proposal for Standard Offer

Good Afternoon:

NSTAR is pleased to issue the attached Request for Proposal for Standard Offer Supply services.

You will also be receiving a printed copy of the RFP and supporting documents via express delivery.

Gary Cunningham
Senior Energy Supply Analyst
NSTAR Electric & Gas
One NSTAR Way
Westwood, MA 02090

Ph: 781-441-8059
Fx: 781-441-8066

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Unknown

From: Cunningham, Gary
Sent: Wednesday, September 17, 2003 3:31 PM
To: Daly, James
Subject: NSTAR 2004 Default Supply Service RFP

Good Afternoon:

NSTAR is pleased to issue the attached Request for Proposal for Default Supply services.

You will also be receiving a printed copy of the RFP and supporting documents via express delivery.

Gary Cunningham
Senior Energy Supply Analyst
NSTAR Electric & Gas
One NSTAR Way
Westwood, MA 02090

Ph: 781-441-8059
Fx: 781-441-8066

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